

March 3, 2003

To: Supervisor Yvonne Brathwaite Burke, Chair  
Supervisor Gloria Molina  
Supervisor Zev Yaroslavsky  
Supervisor Don Knabe  
Supervisor Michael D. Antonovich

From: David E. Janssen  
Chief Administrative Officer

**MOTION TO SUPPORT SB 64 (SPEIER) REGARDING HOMEOWNER'S INSURANCE POLICIES (ITEM NO. 17, AGENDA OF MARCH 4, 2003)**

Item No. 17 on the March 4, 2003 agenda is a motion by Supervisor Knabe to support SB 64 (Speier), legislation which would protect homeowners from insurance companies canceling, refusing to renew, or refusing to make an offer of a homeowners policy and that the Chief Administrative Office work with the County's Sacramento advocates to support SB 64.

Existing law (Section 1. Section 790.03 of the Insurance Code) prohibits a person from engaging in specified unfair methods of competition and deceptive acts in the business of insurance and prohibits an insurance institution or agent from basing an adverse underwriting decision, in whole or in part, on, among other things, the fact that there was a previous adverse underwriting decision.

AB 64 would include in the above provisions canceling, refusing to renew, or refusing to make an offer of a policy, with the following exceptions - - non payment of a premium, fraud or material misrepresentation, conviction of a crime by the named insured that increases the hazard insured against or, the property is deemed uninsurable. The Insurance Commissioner would be required to promulgate regulations regarding such prohibitions. AB 64 would also prohibit any insurance institution or agent from refusing to offer or refusing to renew coverage on a property because of any inquiry about policy coverage or because of a notification of a loss by the insured to an insurer, when that notification is not intended by the insured to be a claim under the policy.

Each Supervisor  
March 3, 2003  
Page 2

SB 64 was introduced on January 16 and was referred to the Senate Committee on Insurance on January 27, 2003. No hearing date has been set. SB 64 is sponsored by the author. There is currently no registered support or opposition.

There is no current County legislative policy governing the protection of consumers in issuance of homeowners insurance. **Therefore, a position on SB 64 is a matter for Board policy determination.**

DEJ:GK  
DDN:JF:ib

c:     Executive Officer, Board of Supervisors  
         County Counsel  
         Consumer Affairs